

HUMAN SERVICES

4140 Office of Statewide Health Planning and Development

The Office of Statewide Health Planning and Development (OSHPD) develops plans, policies, and programs to assist health care delivery systems. OSHPD has four major program areas: (1) healthcare cost and quality analysis; (2) healthcare workforce development; (3) facility/hospital development, including Cal-Mortgage Loan Insurance; and (4) health care information. The budget proposes funding for OSHPD in 2007-08 of \$77.5 million (\$5.1 million General Fund), a 4.3 percent increase over the current year.

Summary of Expenditures (dollars in thousands)	2006-07	2007-08	\$ Change	% Change
General Fund	\$5,436	\$5,122	-\$314	-5.8
Federal Trust Fund	1,235	1,235	0	0.0
Special Funds	65,316	69,562	4,246	6.5
Reimbursements	2,253	1,538	-715	-31.7
Total	\$74,240	\$77,457	\$3,217	4.3

Highlights

- **Continue Logbook Redesign Project.** The budget requests \$2.4 million from the Hospital Building Fund and one position to procure a replacement automation system for its Logbook Database System. This system is used by OSHPD's Facilities Development Division to track health facility construction projects through plan review and construction. Logbook also contains modules to track health facility compliance with SB 1953 and facilitate emergency operations in the event of a natural disaster.
- **Implement Chapter 679, Statutes of 2006 (SB 1661).** The budget requests \$1.4 million from the Hospital Building Fund (\$1.2 million one-time) and three positions to implement SB 1661, which provided general acute care hospitals that meet specified criteria the opportunity to obtain an additional two-year extension of the deadline by which they have to comply with statutory structural and nonstructural seismic safety requirements. SB 1661 requires OSHPD to develop a needed survey, validate reported hospital data, and publish the information on the OSHPD website. The one-time funding would be used by OSHPD to contract for staff to conduct on-site visits to assist hospitals in completing the surveys.
- **Provide Hospital Fair Pricing Policies.** The budget requests \$688,000 from the California Health Planning and Data Fund (\$459,000 one-time) to develop an on-line system to implement Chapter 775, Statutes of 2006 (AB 774). AB 774 requires OSHPD to collect

from each hospital a copy of its charity care policy, discount payment policy, eligibility procedures, review process and application form for financial assistance, and make that information available to the public.

4170 California Department of Aging

The California Department of Aging (CDA) is the state agency designated to coordinate resources to meet the long term care needs of older individuals, to administer the federal Older Americans Act and the State Older Californians Act, and to work with Area Agencies on Aging to serve elderly and functionally impaired Californians. The department provides services under: (1) Senior Nutrition Services; (2) Senior Community Employment Services; (3) Supportive Services and Centers; and (4) Special Projects. The budget proposes \$222 million for 2007-08, a 0.4 percent increase over the current year.

Summary of Expenditures				
(dollars in thousands)	2006-07	2007-08	\$ Change	% Change
General Fund	\$61,475	\$62,500	\$1,025	1.7
State HICAP Fund	2,461	2,456	-5	0.2
Federal Trust Fund	146,911	146,950	39	0.0
Special Deposit Account	1,578	1,560	-18	-1.1
Reimbursements	8,658	8,534	-124	-1.4
Total	\$221,083	\$222,000	\$917	0.4

Highlights

- **Criminal Record Clearances for Long-Term Care Ombudsmen.** The budget requests \$293,000 General Fund for CDA to contract with the California Department of Social Services and the 33 Area Agencies on Aging to process criminal record clearances and conduct fingerprinting locally for Long-Term Care Ombudsmen staff and volunteers as mandated by Chapter 902, Statutes of 2006 (SB 1759).
- **Ongoing Reform of Adult Day Health Care (ADHD).** The budget requests \$194,000 (\$94,000 General Fund) and one position for CDA to provide legal analysis and consultation on complex issues arising in implementation of ADHC program reforms.

4200 Department of Alcohol and Drug Programs

The Department of Alcohol and Drug Programs (DADP) provides statewide leadership and oversight for local alcohol and drug intervention, prevention, detoxification, treatment, and recovery services, including Drug Medi-Cal, Proposition 36 (the Substance Abuse and Crime Prevention Act of 2000, or SACPA), Drug Courts, the Office of Problem Gambling, and the Substance Abuse Offender Treatment Program. The budget proposes \$662.8 million

(\$285.2 million General Fund) for 2007-08, a decrease of \$11.5 million (\$8.3 million General Fund) or 0.02 percent from the current year.

Summary of Expenditures				
(dollars in thousands)	2006-07	2007-08	\$ Change	% Change
Programs				
Prevention	\$80,370	\$76,879	-\$3,491	-4.3
Treatment and Recovery	544,240	534,463	-9,777	-1.8
Perinatal	49,643	51,445	1,802	3.6
Fund Source				
General Fund	\$293,525	\$285,154	-\$8,371	-2.9
Federal Trust Fund	286,246	282,441	-3,805	-1.3
Special Funds	5,969	6,302	333	5.6
Reimbursements	88,513	88,890	377	0.4
Total	\$674,253	\$662,787	-\$11,466	-1.7

Highlights

- **Reduce Funding for Proposition 36 (SACPA).** The budget proposes reducing funding for SACPA by \$60 million General Fund, a 50 percent cut in total funding. Of the \$60 million, \$35 million would be transferred to the Substance Abuse Offender Treatment Program, bringing total funding to \$60 million. The remaining \$25 million would be General Fund savings. (For further details, see *Issues* below.)
- **Redirect Funding for Administration of the Substance Abuse Offender Treatment Program (OTP).** The budget requests a redirection of \$305,000 General Fund from the existing OTP local assistance appropriation to establish 3.5 limited-term positions in DADP to administer the OTP. The funding transfer and positions would be administratively established in January 2007. The budget also calls for statutory changes to the OTP to modify the drug court requirement, remove the county allocation cap, and eliminate the sunset date.
- **Redirect Funding for Comprehensive Drug Court Implementation (CDCI).** The budget requests a redirection of \$341,000 General Fund from the existing CDCI local assistance appropriation to establish four permanent positions in DADP to administer the expanded funding provided in the 2006-07 budget for adult felon drug courts and dependency drug courts. The funding transfer and positions would be administratively established in January 2007.
- **Redirect Funding for Implementation of the California Methamphetamine Initiative (CMI).** The budget requests a redirection of \$197,000 General Fund from existing funding provided for the CMI to provide two limited-term positions to DADP to provide state support to the CMI. The 2006-07 budget provided \$10 million each year until 2008-09 for a multi-media methamphetamine public education campaign. The requested positions would work with the consultant to develop the media campaign and conduct additional activities to

coordinate, support, and disseminate to counties best practices on the prevention and treatment of methamphetamine abuse.

- **Implementation of Licensing and Certification Reforms.** The budget requests \$1.2 million and 12.5 positions (4.5 limited-term) in DADP to conduct biennial compliance visits of licensed and/or certified programs, and federally required monitoring reviews and complaint investigations of Drug Medi-Cal providers. The budget also calls for statutory language to permit the collection of fees from all providers to fund these activities and would establish a new fund for the fee revenues. The fees would initially be set at \$2,150 biennially (which is what current law requires for-profit providers be charged) and DADP would convene a stakeholder group to determine a permanent fee schedule.
- **Provide Funding for Implementation of Chapter 875, Statutes of 2006 (SB 1453).** The budget requests \$519,000 General Fund and six positions (two limited-term) to DADP to license and certify additional drug treatment providers as a result of enactment of SB 1453. SB 1453 requires non-violent prison inmates who participated in drug treatment in prison to enter a 150-day residential aftercare drug treatment program upon their release from prison.
- **Drug Medi-Cal Funding and Caseload.** The budget requests \$149 million (\$79.7 million General Fund) for the Drug Medi-Cal program. This represents a 8.4 percent increase over revised current year funding, due to increased program caseload. Methadone treatment represents over 60 percent of Drug Medi-Cal expenditures.

Issues

1. **Reduce Funding for Proposition 36 (SACPA).** SACPA, approved by the voters on November 7, 2000, sentences non-violent drug defendants to drug treatment rather than jail or prison. SACPA continuously appropriated \$120 million General Fund annually from 2001-02 through 2005-06 to fund county drug treatment services and criminal justice supervision. The 2006-07 budget maintained \$120 million General Fund for SACPA and included statutory program reforms including flash incarceration, improved judicial oversight of program participants, and expanded options for offender management. However, these statutory reforms are being legally challenged by the proponents of Proposition 36 and have been suspended by judicial injunction. It is not known when or how this legal challenge will be resolved.

In response to the suspension of the reforms, the budget proposes to reduce \$60 million General Fund for SACPA in 2007-08. Of this \$60 million, \$35 million is proposed to be redirected to provide an increase to the Substance Abuse Offender Treatment Program (OTP). The remaining \$25 million would be one-time General Fund savings. The Administration states that it will revise its budget proposal in the May Revision to move the remaining \$60 million in General Fund for Proposition 36 to OTP if the program reforms are not implemented.

Although DADP is still analyzing the situation, it does not appear at this time that the \$25 million General Fund cut to SACPA will result in failure of California to meet its maintenance-of-effort (MOE) requirement in 2007-08 for the federal Substance Abuse Prevention and Treatment (SAPT) Block Grant. Failure to meet the SAPT MOE results in a reduction in federal funding for alcohol and drug treatment.

Although funding for SACPA has been cut in half, the sentencing provisions do not expire. Therefore, counties are still required to make treatment available to eligible offenders directed by the courts to participate in SACPA. Actual SACPA expenditures were \$134 million in 2003-04, \$143 million in 2004-05, and \$150 million in 2005-06. Counties requested a total of \$209 million to fully fund SACPA in 2006-07.

4700 Department of Community Services and Development

The Department of Community Services and Development (DCSD) distributes federal and state funding to local entities that provide energy and weatherization assistance and a variety of other community services for low-income households. The budget proposes \$169.8 million for 2007-08, essentially the same funding level provided in the current year.

Summary of Expenditures				
(dollars in thousands)	2006-07	2007-08	\$ Change	% Change
Programs				
Energy Programs	\$101,241	\$101,298	\$57	0.0
Community Services	65,421	65,453	32	0.0
Naturalization Services	3,000	3,000	0	0.0
Fund Source				
General Fund	\$3,000	\$3,000	\$0	0.0
Federal Trust Fund	164,540	164,630	90	0.0
Reimbursements	2,122	2,121	-1	0.0
Total	\$169,662	\$169,751	\$89	0.0

Highlights

- **Maintain Naturalization Services Program Funding.** The budget maintains the \$1.5 million General Fund augmentation for the Naturalization Services Program provided in 2006-07. Total funding for the program remains at \$3 million General Fund.

5160 Department of Rehabilitation

The Department of Rehabilitation assists people with disabilities to obtain and retain employment and maximize their ability to live independently in the community. The department operates the Vocational Rehabilitation (VR) program, funded primarily with federal funds, to provide vocational services to persons with disabilities. Some of these services are provided through cooperative agreements with other state and local agencies (education, mental health, welfare). The department also provides support services for Community Rehabilitation Programs, including independent living centers. The budget proposes total funding of \$389.7 million, a 3.3 percent increase over the current year.

Summary of Expenditures				
(dollars in thousands)	2006-07	2007-08	\$ Change	% Change
Programs				
Vocational Rehabilitation Services	\$357,260	\$370,641	\$13,381	3.7
Support of Community Facilities	19,878	19,076	-802	-4.0
Fund Source				
General Fund	\$55,659	\$57,674	\$2,015	3.6
Vending Stand Account	3,478	3,361	-117	-3.4
Mental Health Services Fund	195	214	19	9.7
Federal Trust Fund	307,517	320,568	13,051	4.2
Reimbursements	10,289	7,900	-2389	-23.2
Total	\$377,138	\$389,717	\$12,579	3.3

Highlights

- **California HIV/Auto-Immune Disorder Demonstration Project.** The budget proposes \$3.3 million in federal fund authority for DOR to continue to implement this project. The funding is from a federal Social Services Administration (SSA) grant available to states to study various interventions to assist Supplemental Security Income Program beneficiaries in returning to work. The SSA awarded DOR \$12 million over five years for implementation of this project. Funding for the project began in the current year.
- **Replace the Field Computer System.** The budget requests \$466,000 of increased federal fund authority to begin the initial development and procurement process for a new Electronic Records System to replace the existing field computer system. The DOR has submitted a feasibility study report to the Department of Finance for this project.

5175 Department of Child Support Services

The Department of Child Support Services (DCSS) administers the child support enforcement program operated by local child support agencies. The Department provides state direction to assure that child support funds are collected and distributed to families, including securing child and spousal support, medical support, and determining paternity. The DCSS has responsibility for addressing federal fiscal sanctions related to California's failure to develop adequate automation systems for child support services. The DCSS oversees local program and fiscal operations, administers the federal Title IV-D state plan for securing child support, and monitors state results on federal performance standards.

The budget anticipates total collections of \$2.35 billion in the budget year, approximately the same as the current year (\$2.36 billion). The department's overall budget expenditures are

proposed to decrease by \$444.8 million, or 28.7 percent, to \$1.1 billion. This decrease is due primarily to the elimination of the federal penalty costs and decreased child support automation costs.

Summary of Expenditures (dollars in thousands)	2006-07	2007-08	\$ Change	% Change
General Funds	\$584,939	\$319,843	-\$265,096	-45.3
Federal Funds	723,839	567,455	-156,384	-21.6
Reimbursements	123	123	0	0.0
Child Support Collection Recovery Fund	242,889	219,556	-23,333	-9.6
Total	\$1,551,790	\$1,106,977	-\$444,813	-28.7

Highlights

- Eliminate Funding for the Federal Penalty for Child Support Automation.** The budget assumes that the final payment of the federal child support automation penalty was made in the current year. The state has been required to pay an increasing penalty each year since 1997 due to the state's failure to implement a single statewide child support automation system. The DCSS is currently developing the California Child Support Automation System (CCSAS) and in September 2006, requested certification from the federal government that this automation system is sufficiently operational to qualify for penalty relief in future federal fiscal years. The budget assumes federal certification of the entire system by 2008-09.
- Implement the Federal Deficit Reduction Act (DRA).** The budget reflects the following adjustments to reflect implementation of the DRA: (1) \$67.6 million (\$23 million General Fund) to backfill for lost federal financial participation (FFP) resulting from the elimination of states' ability to use federal performance incentive funds as a match for FFP (which avoids a funding reduction for local child support agencies); (2) \$1.8 million General Fund to cover the \$25 annual application fee required by the DRA for families who have at least \$500 in annual collections and have never received Temporary Assistance for Needy Families; and (3) \$27.8 million in reduced collection revenues to reflect the increased payments to custodial parents of the first \$50 of the current month's child support payment collected from the non-custodial parent.
- Reduce CCSAS Project Costs.** The budget reduces funding for the CCSAS project by \$107.2 million (\$11.2 million General Fund) to reflect cost changes identified in various approved special project reports and budget Control Section 11.0 notification letters to the Legislature. Sufficient resources for DCSS to continue development of CCSAS are provided.
- Establish a Statewide Employer Data File (EDF).** The budget requests 6.5 new positions and redirection of \$249,000 (\$93,000 General) of existing DCSS funds to manage and support a centralized, statewide EDF. The EDF would generate wage assignments, employer verifications, and medical support orders and is intended to improve employer data quality, increase collections, and provide a basis for achieving better performance.

- **Establish an Internal Audit Unit Within DCSS.** The budget requests two positions and redirection of \$154,000 (\$64,000 General Fund) to establish an Internal Audit Unit within CDSS' Office of Audits and Compliance. The Internal Audit Unit would conduct audits and evaluations of DCSS, including internal control reviews, compliance reviews, special investigations, efficiency reviews, and technical assistance and consulting services. This unit is intended to safeguard assets, ensure the reliability of financial records, and improve efficiencies in operations.
- **Continue Suspension of Health Insurance Incentives and Improved Performance Incentives Programs.** The budget proposes trailer bill language to continue the suspension of two programs, the Health Insurance Incentives and the Improved Performance Incentives programs, through 2007-08. The Health Insurance and the Program Improvement Incentive programs were part of the Child Support reform legislation passed in 1999. The Health Insurance Incentives program paid local child support agencies (LCSAs) \$50 for each case for which they obtained third-party health insurance coverage or insurance for child support applicants or recipients. The Improved Performance Incentives program provided the ten best performing LCSAs with five percent of the amount they collected on behalf of the state for public assistance payment recoupments. The funding received by the LCSAs from the Improved Performance Incentives program was required to be reinvested back into the Child Support Program. These programs were suspended for five years beginning 2002-03. The Department of Finance notes that LCSAs are required by DCSS regulations to seek third-party health insurance coverage as part of their normal business processes.

Issues

1. **Decisions to be Made in Ongoing Implementation of the Federal Deficit Reduction Act (DRA).** The DRA included a number of provisions that significantly impact the provision of child support services. Some of the provisions are mandatory and already take effect. These are addressed in the 2007-08 budget changes described above. Other provisions are optional and go into effect in October 2008 and October 2009. In addition, some of the mandatory provisions may be implemented in different ways. In short, the state has a number of choices to make on how and whether to implement various provisions of the federal DRA. Different options will have different impacts on families, the state's performance and effectiveness, and the General Fund, and some will require statutory changes. The Legislature will need to weigh in on all these implementation discussions and decisions.

5180 Department of Social Services

The Department of Social Services (DSS) administers a variety of programs with four major goals: (1) provide temporary cash assistance and services to encourage low-income families with children to attain self-sufficiency by moving from welfare to permanent employment; (2) provide social services to elderly, blind, disabled and other adults and children, protecting them from abuse, neglect and exploitation, and helping families stay together and in the community; (3) regulate group homes, preschools, foster care homes, day care and residential care facilities to ensure they meet established health and safety standards; and (4) conduct disability

evaluations and provide benefit payments for federal and state programs serving the aged, blind and disabled.

The budget proposes \$18.7 billion (\$8.9 billion General Fund) for the DSS, an increase of \$388.2 million (but a decrease of \$329.9 million General Fund). These amounts do not reflect the county share of cost for programs administered by DSS, as county funding is not included in the state Budget Act. However, the table below includes county funding to better reflect total program expenditures. The budget includes a total of 4,580.5 DSS positions, a net increase of 138.5 positions over the current year.

Summary of Expenditures				
(dollars in thousands)	2006-07	2007-08	\$ Change	% Change
Programs				
CalWORKs	\$4,985,471	\$4,726,289	-\$259,182	-5.2
Food Stamps	891,811	918,005	26,194	2.9
IHSS	4,323,610	4,424,916	101,306	2.3
SSI/SSP	3,542,774	3,892,908	350,134	9.9
Foster Care	1,659,575	1,630,471	-29,104	-1.8
Child Welfare Services	2,380,328	2,400,637	20,309	0.9
Title IV-E Waiver Adjustment	17,100	50,270	33,170	194.0
Adoption Assistance	779,041	847,918	68,877	8.8
Kin-GAP	139,726	191,800	52,074	37.3
Other County Services	453,381	459,936	6,555	1.4
Community Care Licensing	112,793	119,915	7,122	6.3
Other State Operations	416,115	426,869	10,754	2.6
Fund Source				
General Fund	\$9,206,702	\$8,876,793	-\$329,909	3.6
Technical Assistance Fund	22,256	21,236	-1,020	-4.6
Employment Training Fund	20,000	35,000	15,000	75.0
Child Support Collections				
Recovery Fund	12,849	11,760	-1,089	8.5
Other Special Funds	9,667	13,750	4,083	42.2
Federal Trust Fund	6,079,582	6,689,601	610,019	10.0
Reimbursements	3,017,374	3,098,513	81,139	2.7
County Funds (Non-add)	1,333,295	1,343,281	9,986	0.7
Total	\$19,701,725	\$20,089,934	\$388,209	2.0

California Work Opportunity and Responsibility to Kids (CalWORKs) Program

- **Program Description.** CalWORKs provides cash benefits and welfare-to-work services to children and their parents or caretaker relatives who meet specified eligibility criteria including having a family income below the CalWORKs minimum basic standard of adequate care, having less than \$2,000 in resources, and having a car valued at \$4,650 or

less. The average family of three must have an annual net income below \$12,782 or 77 percent of the federal poverty level, to be eligible for CalWORKs. Program recipients are required to participate in welfare-to-work activities and perform a minimum of 32 hours of work or work-related activities per week to remain eligible for benefits. Adults have a lifetime limit of five years (60 months) in CalWORKs.

The DSS provides statewide oversight for the program, and counties provide or contract for enrollment, case management, employment training, substance abuse, mental health, and child care functions.

- **Enrollment Summary.** After peaking in March of 1995, CalWORKs enrollment has dropped by 48 percent through 2004. Enrollment has decreased by 33 percent since CalWORKs replaced the former Aid to Families with Dependent Children (AFDC) program in 1998. The caseload decline is due to a combination of demographic trends (such as decreasing birth rates for young women), California's economic expansion, and full implementation of welfare reform. After years of declines, enrollment flattened in 2003-04, and has remained relatively stable since then. Caseload is projected to decrease by 1.5 percent in 2006-07, and increase by 0.1 percent in 2007-08. Average monthly enrollment is estimated to be 468,000 cases in 2007-08.
- **Funding Summary.** CalWORKs is funded through an annual federal Temporary Assistance for Needy Families (TANF) block grant of \$3.7 billion, plus \$2.7 billion in state and county funds to meet a federal Maintenance of Effort (MOE) requirement. The state's MOE is based on welfare spending in 1994, adjusted downward for achievement of certain work participation goals. Federal law requires states to spend TANF funds on current and former welfare recipients, with limited exceptions. Accordingly, California spends most federal TANF funds on CalWORKs, and directs some TANF and state MOE funding to activities in other programs and departments.

The budget proposes total TANF/MOE funding of \$6.4 billion (\$4.7 billion of which will be spent on the CalWORKs program). This constitutes a \$259.1 million, or 5.2 percent, decrease in CalWORKs TANF/MOE expenditures from the current year.

CalWORKs Highlights

- **Restrict Safety Net Grants.** The budget proposes to eliminate safety net grants for those children whose parents do not work sufficient hours to meet federal work participation requirements after "timing-out." This proposal would be implemented in November 2007 and would result in General Fund savings of \$175.8 million. A statutory change would also be needed to implement this proposal.

CalWORKs adult recipients are limited to 60 cumulative months of cash assistance. Under current law, children continue to receive cash aid until they are 18 years of age, as long as the family meets CalWORKs eligibility guidelines, regardless of how many hours their parents work after timing-out. Although information is still being gathered on the specific characteristics of the safety net caseload, there are an estimated 100,000 children in over 45,000 families receiving safety net cash assistance in 2006-07. This proposal assumes that only 26 percent of the safety net caseload will meet the work participation requirements and

remain eligible for safety net grants. There appears to be no research linking the elimination of safety net grants with increased work participation.

- **Impose Full-Family Sanctions.** The budget proposes to impose a “full-family” sanction whereby a family’s entire grant is eliminated for those families with an adult who does not comply with CalWORKs requirements for more than 90 days. This proposal would result in a General Fund cost of \$11.4 million because it assumes 70 percent of sanctioned cases would begin working (or participate in an allowable non-work activity) and need child care, as a result of the change. A statutory change would also be needed to implement this proposal.

Under current law, when an adult fails to meet CalWORKs requirements, the family’s grant is reduced by the amount attributable to the adult, but cash aid continues to the children in the family. This “partial-family” sanction is intended to provide a subsistence allowance to preserve the well-being of the children even if their parents have been sanctioned. Research by Mathematica Policy Research, Inc., shows that sanctioned adults face greater barriers to work, such as substance abuse, mental health issues, and education needs. Also existing research does not support the conclusion that more punitive sanctions will result in increased work participation.

As part of this proposal, the budget will also propose trailer bill language to count the time the adult is sanctioned toward the 60-month lifetime CalWORKs limit. This would be a significant policy change. Under current law, the time while the adult is sanctioned does not count toward the 60-month limit because he or she is not receiving cash aid for himself or herself during the time under sanction.

- **Eliminate Grants for Children of CalWORKs Ineligible Parents.** The budget proposes to eliminate after 60 months grants to children whose parents are not eligible for CalWORKs. These parents are ineligible because they are undocumented non-citizens, drug felons, or fleeing felons. The children include US citizen children of undocumented non-citizens. Under current law, the CalWORKs grants provided to children of ineligible parents are not subject to a time limit. This proposal would be implemented in November 2007 and result in General Fund savings of \$160 million. There would be no impact to the state’s work participation rate because these adults are already excluded from the work participation calculations.
- **Suspend CalWORKs Cost-of-Living Adjustment (COLA).** The budget proposes to freeze the amount of CalWORKs grants at their current levels resulting in General Fund savings of \$140.3 million. The current maximum grant for a family of three is \$723 per month. The 4.2 percent COLA that otherwise would have gone into effect on July 1, 2007, would have increased the grant for a family of three by \$30 to \$753 per month.
- **Implement TANF Reauthorization Provisions of Chapter 75, Statutes of 2006 (AB 1808).** AB 1808, the human services trailer bill to the 2006 Budget Act, contained changes to the CalWORKs program in response to the federal (Deficit Reduction Act) DRA, which reauthorized the TANF program. The TANF reauthorization provisions of the DRA increased the state’s work participation rate to 50 percent for all CalWORKs cases, and

90 percent for two-parent cases. The state's work participation rates are currently 23 percent for all cases and 32 percent for two-parent cases. The new work participation rate requirements became effective on October 1, 2006. AB 1808 contained specific provisions intended to result in a renewed focus on work participation leading to an increase in the work participation rate. The budget includes \$73.2 million (\$1.3 million General Fund) for implementation of the TANF reauthorization provisions in AB 1808, and projects an increase in the work participation rate of about four percent in 2007-08 and six percent in 2008-09.

- **Support for TANF Reauthorization.** The budget requests \$2.2 million in federal fund authority and 20 positions for DSS to support data collection for federal work participation in each county, including verification of data and reporting procedures, and to perform oversight and field monitoring of county procedures and case documentation for verification of recipient participation hours at the county level. These positions are intended to improve monitoring and measurement of the performance of counties to meet new federal data quality assurance mandates.
- **Support for AB 1808 Activities.** The budget requests \$832,000 in federal fund authority and seven limited-term positions for DSS to hold regular performance outcome measurement meetings with the counties to highlight best practices and identify obstacles to performance, and conduct county peer/state reviews to assist counties in improving work participation rates and implementation of the CalWORKs program. The DSS request also includes \$250,000 to fund a contract with a consultant to design, develop, and implement a statewide performance indicator system for the CalWORKs program in the counties. In addition, the budget proposes to use \$244,000 in TANF funds to support county welfare departments' participation in the county/state peer reviews. These funds would be used for travel, per diem, and backfilling staff costs.
- **Change Recipient Reporting Frequency.** The budget proposes statutory modifications to the process for redetermining benefit levels for CalWORKs and Food Stamp recipients and a change to the reporting frequency for recipients from quarterly to semi-annually. The change in reporting frequency is expected to simplify the process for recipients and counties. When the trailer bill language is available, a specific assessment of the modifications to the redetermination process can be made. These changes would take effect in 2008-09.
- **Fund Pay for Performance.** The budget proposes \$40 million from the 2006-07 TANF reserve to pay counties that meet performance goals for work participation and client income measures in 2007-08. The 2006-07 Budget Act delayed implementation of the Pay for Performance program.
- **Reduce CalWORKs Single Allocation.** The budget reduces \$16 million in funding to counties for CalWORKs employment and other services, eligibility determination, and child care in 2007-08. The 2006-07 Budget Act also reduced the single allocation by \$40 million.
- **Support Title IV-E Child Welfare Waiver Demonstration Project.** The budget requests \$180,000 (\$90,000 General Fund) and 1.5 limited-term positions for DSS to support implementation of the Title IV-E Child Welfare Waiver Capped Allocation Project (CAP). The DSS received approval on March 31, 2006 of its Title IV-E waiver request to block grant

some of the state's Title IV-E funds and allow participating counties more flexibility in the use of these foster care funds. Participating counties are allowed to use foster care funds to provide front-end services to address the needs of children and families to prevent removing the child from the home, to focus on interventions for children most at-risk of entering foster care, and to reunify families more quickly. There are currently two counties participating, Los Angeles and Alameda. The DSS positions would assist the counties with accounting and other systemic changes required by the waiver.

- **Support to Implement Chapter 672, Statutes of 2006 (SB 1569).** The budget requests \$93,000 General Fund and one position to implement SB 1569. SB 1569 extended eligibility for certain public social services to non-citizen victims of human trafficking, domestic violence, and other serious crimes. DSS staff would develop implementing regulations and administer the program.
- **Excess General TANF/Maintenance of Effort (MOE).** The budget proposes TANF/MOE expenditures that are \$203 million in excess of the required level in an effort to achieve a greater caseload reduction credit, as allowed by the federal government. These excess TANF/MOE expenditures represent funding for California Department of Education child care and after school programs and are expected to increase California's caseload reduction credit up to five percent.

CalWORKs Issues

1. **Work Participation Requirements of the Deficit Reduction Act (DRA).** The work participation requirements of the DRA, effective October 2006, increase the state's work participation rate to 50 percent for all CalWORKs cases, and 90 percent for two-parent cases. The state's work participation rates are currently 23 percent for all cases and 32 percent for two-parent cases.

California will face large costs to increase participation in work activities to meet the new requirements, and will still be at great risk of being penalized. The Center for Law and Social Policy estimates that the cost of increasing participation in work activities to meet the new requirements in California could exceed \$400 million in 2007, and be in the range of \$2 billion for the state for the next five years if the state's caseload does not fall. If the state fails to meet the work participation rate requirements, it is subject to a penalty equal to a five percent reduction in the federal TANF grant, or \$185 million. This penalty increases each year, to a maximum of 21 percent. In addition, the state would be required to backfill the federal penalty with General Fund resources, and increase MOE spending by five percent, or \$180 million.

Although the budget includes proposals intended to increase the work participation rate by a total of six percent in 2007-08 and 13 percent in 2008-09, these measures have not been demonstrated to be successful. While increasing the state's work participation rate is critical, it is worth considering whether there are other methods to do so that do not potentially jeopardize the well-being of some of California's most vulnerable children. In addition, the Legislature may wish to consider how counties are doing in implementing the changes in AB 1808, as well as any other already-proven programmatic methods implemented in other

states, before making even more changes. In any case, further discussions will be needed in developing alternatives.

2. **Budgeting Methodology for County Operations Funding.** Prior to 2001-02, the state used the Proposed County Administrative Budget (PCAB) process to develop the annual budget for program operations in CalWORKs and other health and human service programs. The PCAB process required counties to project their needs for the coming year and scrutinized counties' assumptions in order to build the statewide CalWORKs budget. Funding increases to reflect the increased cost of doing business have been suspended since 2000-01. As a result of the lack of updated budget methodology, state budget staff have no basis for checking assumptions about the cost to implement program enhancements or the savings associated with program changes.

In the budget hearing process last spring, the California Welfare Directors Association (CWDA), the California State Association of Counties, and the Urban County Caucus indicated that the budget for county operations no longer represents actual program funding needs and spending abilities across counties. Counties have absorbed more than \$568 million (all funds) in increases in utilities, transportation, health care, retirement, and salary increases.

To begin to address this problem, the Legislature adopted language in the human services trailer bill to the 2006 Budget Act, AB 1808 (Chapter 75, Statutes of 2006), that requires DSS to estimate the costs for county administration of human services programs using county-specific cost factors in the programs' budgeting methodology. The DSS is required to consult with CWDA to develop the survey instrument to gather and the process to incorporate county cost factors in the estimate. Beginning with the 2007-08 May Revision, DSS must identify in its budget documents the estimates developed of the counties' cost of doing business and the difference between that estimate and the amount actually included in the budget.

3. **October 2003 COLA.** From 2000-01 through 2003-04, statute authorized an additional CalWORKs COLA in October of each year so long as Vehicle License Fee (VLF) tax relief was also implemented. Governor Davis suspended the VLF tax relief in June 2003, which triggered the suspension of the October 2003 CalWORKs COLA. However, Governor Schwarzenegger rolled back the VLF tax increase and did not restore funding for the October 2003 COLA. A court ruling in 2004 found that the October 2003 COLA was required, but the Administration is appealing the ruling, and funding for the COLA was not included in the budget. Funding this COLA would result in cumulative costs of approximately \$434 million through June 2007 for retroactive payments and \$114 million in ongoing annual costs.

Food Stamps Program

- **Program Description.** The Food Stamps program provides food benefits via Electronic Benefit Transfer (EBT) cards to eligible low-income families and individuals. The DSS provides statewide oversight, and counties perform eligibility determination and employment services functions. Families eligible for CalWORKs are automatically eligible for Food

Stamp benefits. Low-income working families and individuals are also eligible for Food Stamp benefits, even if they have not enrolled in the CalWORKs program.

- **Enrollment Summary.** The department estimates that average monthly Food Stamp caseload in 2007-08 will be 2.1 million persons, a 2.3 percent increase over 2006-07. Approximately 68 percent of these beneficiaries are not receiving cash assistance. The proportion of “non-assistance” Food Stamp caseload in the program has grown significantly in recent years, and increased enrollment among non-assistance households has been the driving factor in overall program growth since 2000-01.
- **Funding Summary.** Food Stamp benefits are funded entirely by federal funds. These funds are not included in the state budget, as the U.S. Department of Agriculture provides funding for food directly to beneficiaries via EBT cards. Californians are estimated to receive approximately \$2.7 billion in federal Food Stamp benefits in 2007-08. The federal government also funds 50 percent of the program’s eligibility determination and administrative costs. The remaining 50 percent is split between the state and counties at a ratio of 69 percent to 31 percent, respectively. The budget anticipates that funding for county activities will be \$918.0 million (\$335.1 million General Fund), an increase of \$26.2 million (\$11.6 million General Fund) compared to the current year, due to increasing caseload.

The state also administers the California Food Assistance Program (CFAP), a state-only food stamp program for legal non-citizens. Total funding for benefits and eligibility costs is estimated to be \$27.7 million General Fund in 2007-08, to provide benefits to 23,600 beneficiaries.

Food Stamp Issues

1. **Budgeting Methodology for County Operations Funding.** The county operations costs to administer food stamp programs are included in the overall review of the budgeting methodology for county operations. See a detailed discussion of the issue in the *CalWORKs Issues* section above.

Supplemental Security Income/State Supplementary Program (SSI/SSP) and Cash Assistance Program for Immigrants (CAPI)

- **Program Description.** The SSI/SSP program provides cash grants to persons who are elderly, blind and/or too disabled to work and who meet the program’s federal income and resource requirements. Beneficiary grants generally reflect the maximum grant less any offsetting personal income. Individuals who receive SSI/SSP are categorically eligible for the Aged, Blind or Disabled Medi-Cal Program with no share of cost, for the In-Home Supportive Services Program, and may be eligible for other programs designed to support individuals living in the community.

The SSI/SSP program is administered by the federal Social Security Administration. The Social Security Administration determines eligibility, computes grants, and disburses monthly payments to recipients.

SSI/SSP grant levels vary based on a recipient’s living arrangement, marital status, minor status and whether she or he is aged, blind or disabled. There are over twenty different

SSI/SSP payment standards. Both the federal and state grant payments for SSI/SSP recipients are adjusted for inflation each January through cost-of-living-adjustments (COLAs). Federal law provides an annual SSI COLA based on the Consumer Price Index, and state law provides an annual SSP COLA based on the California Necessities Index. As of January 2007, the maximum grant is \$856 per month for an aged or disabled individual living independently and \$1,565 per month for an aged or disabled couple living independently.

The CAPI program was established in 1997 to provide cash benefits to aged, blind and disabled legal immigrants who became ineligible for SSI as a result of welfare reform. This state-funded program is overseen by the DSS and administered locally by counties. CAPI grants are \$10 less than SSI/SSP grants for individuals and \$20 less than SSI/SSP grants for couples.

- **Enrollment Summary.** The budget projects SSI/SSP average monthly enrollment will grow by 2.1 percent, from 1,239,000 in 2006-07 to 1,265,000 in 2007-08. Approximately 8 percent of recipients are under age 18, 49 percent are age 18 to 64, and 43 percent are age 65 and older. CAPI caseload is projected to decrease by 21.9 percent in 2007-08, to 11,415 average monthly recipients.
- **Funding Summary.** SSI/SSP grants have two components: the SSI component, which is federally funded, and the SSP component, which is state funded. Total funding for SSI/SSP is estimated to be \$8.7 billion (\$3.5 billion General Fund) in 2006-07, and \$9.4 billion (\$3.9 billion General Fund) in 2007-08. General Fund expenditures are projected to increase by 9.9 percent, to reflect an increase in caseload and funding of the 2008 state and federal COLAs. The federal funds in the SSI portion of the grant are not included in the state budget, as they are federally administered. Total funding for the CAPI program is estimated to be \$95.9 million General Fund in 2006-07 and \$129.5 million General Fund in 2007-08. In addition to caseload, this 34.1 percent increase is due to the increased caseload resulting from the expiration of the ten-year sponsor deeming period for the first round of CAPI recipients.

SSI/SSP Highlights

- **Fund 2008 Federal SSI and State SSP COLAs.** The budget provides \$216.7 million General Fund to fully fund the state SSP COLA of 4.2 percent. The maximum SSI/SSP grant would increase from \$856 to \$892 for individuals and \$1,502 to \$1,565 for a couple. The proposal also would pass on \$34.4 million in additional federal funds to fully fund the federal 1.2 percent COLA for SSI.

In-Home Supportive Services (IHSS) Program

- **Program Description.** The In-Home Supportive Services (IHSS) program funds personal care services for low-income aged, blind or disabled individuals that are at risk for institutionalization. IHSS services include domestic services (such as meal preparation and laundry), nonmedical personal care services, paramedical services, assistance while traveling to medical appointments, teaching and demonstration directed at reducing the need for support, and other assistance. Services are provided through individual providers hired by

the consumer, county contracts with service providers, or through welfare staff. County welfare departments visit consumers in their homes to determine authorized hours of service.

- **Enrollment Summary.** The budget estimates that IHSS caseload will increase to 395,100 in 2007-08, an increase of 5.4 percent over 2006-07 caseload. Approximately half of IHSS consumers are age 65 and older. Persons with developmental disabilities constitute more than 12 percent of the IHSS caseload. Caseload, hours of service by case, and program costs have grown significantly faster than population growth since the mid-1990s.
- **Funding Summary.** The budget proposes \$4.4 billion (\$1.4 billion General Fund) for the IHSS program in 2007-08. This represents an increase of \$101.3 million (\$27.7 million General Fund) above the current year funding level, a 2.3 percent increase.

IHSS costs have steadily increased in recent years. Nonetheless, the average annual cost per individual, approximately \$10,300 (\$3,399 General Fund), is still less than one-fifth the cost of nursing home placement. The program's growth has been fueled by multiple factors, including the establishment of a state entitlement for personal care services, population increases, and an increase in the proportion of IHSS consumers who are severely disabled, greater utilization of service hours by case, and higher provider rates. In addition, demographic trends and a programmatic shift to support the elderly and persons with disabilities in community settings have increased the number of beneficiaries.

Wage increases have reportedly contributed to enrollment growth and increases in the numbers of hours used, as higher wages have made it easier for beneficiaries to hire providers and fully utilize authorized hours of care. This is in addition to the direct impact of provider wage increases on IHSS costs. The state has participated in IHSS provider wages above the minimum wage since 1999-2000. In the current year, the state participates in wages and benefits up to \$11.10 per hour, although actual wage rates vary by county. Most wage rates are determined by the board of supervisors and public authority that negotiates a contract with providers. The budget proposes changes to the state's participation in provider wages. (For further details, see *IHSS Issue* below.)

IHSS Issues

1. **Limit State Share of the Cost of IHSS.** The budget proposes statutory changes that would limit the state's participation in the cost of IHSS provider wages and benefits to those in effect as of January 10, 2007. Future wage and benefit increases collectively bargained at the local level and those existing agreements that take effect after January 10 would be financed by the counties. Absent this proposal, the projected growth in statewide revenues would have resulted in the state's participation in IHSS wages and benefits increasing from \$11.10 per hour to \$12.10 per hour in 2007-08. The budget assumes that this proposal will result in cost avoidance of at least \$14.1 million in the current year and unknown future cost savings

The Administration has clarified that any requests from counties for wage increases that were submitted to DSS and approved by January 10 would receive the state share of the wage and benefit increases (regardless of when the increases take effect). Note that notwithstanding this proposal, the budget includes \$7.8 million (\$2.5 million General Fund) in the current

year and \$16.5 million (\$5.4 million General Fund) in the budget year to fund the recently enacted minimum wage increases.

2. **Budgeting Methodology for County Operations Funding.** The county operations cost to administer the IHSS program is included in the overall review of the budgeting methodology for county operations. See a detailed discussion of the issue in the *CalWORKs Issues* section above.

Children and Family Services Programs

- **Program Descriptions, Caseload, and Funding.** The state administers a continuum of programs and services designed to protect children from abuse, neglect, and exploitation, strengthen families, deliver services to children in out-of-home care, and support the adoption of children. These programs are operated by county welfare departments.

The budget provides \$6 billion (\$1.7 billion General Fund) to support children and family services programs. Federal funding for these programs is provided by Social Security Act Titles IV-B, IV-E, XIX, and XX funding, as well as Temporary Assistance for Needy Families (TANF) funds. Title IV-E, the largest funding stream, provides an open-ended entitlement for many children in foster care, adoption, and child welfare programs. Title IV-E funding is limited to children whose families meet the 1996 Aid to Families with Dependent Children (AFDC) income limits. Only a portion of California's foster care, adoptions, and child welfare cases meet these income limits and qualify for matching federal IV-E funding. Counties must determine which cases qualify for IV-E funding under various circumstances, and submit their claims for state and federal review.

- ✓ **Child Welfare Services (CWS).** This program encompasses a variety of services designed to protect children from abuse, neglect and exploitation. Services include Emergency Assistance, Family Maintenance, Family Reunification, and Permanent Placement. Combined average monthly caseload for these programs is estimated to decline by 2.3 percent in the budget year. Total funding for CWS increased by 0.9 percent, to \$2.4 billion (\$714 million General Fund).
- ✓ **Foster Care Program.** The state's Foster Care program provides support payments for children in out-of-home care, including foster homes, foster family agencies, residential treatment for seriously emotionally disturbed children and group homes. Average monthly Foster Care caseload is estimated to decrease by 4.4 percent, to 69,000 children. Continuing the historical trends, the number of children in group homes and foster family agencies is increasing, while the number of children in foster family homes is decreasing. Total funding for Foster Care decreased by 1.8 percent, to \$1.6 billion (\$449.7 million General Fund). Rates paid to group homes, foster family agencies, and foster family homes have not been raised since 2000-01, or five years.
- ✓ **Kin-GAP and Enhanced Kin-GAP Programs.** The Kin-GAP program provides support to children in long-term stable placements with relatives. The Enhanced Kin-GAP Program was established in 2006 as a voluntary alternative to the regular Kin-GAP Program. The Enhanced Kin-GAP program is funded at the same rate as the regular program plus a clothing allowance and a specialized care increment as appropriate. The

projected average monthly caseload for both programs is 20,789 children, reflecting an increase of 21.5 percent. Total funding for both programs increases by 37.5 percent to \$191.8 million (\$144.2 million General Fund).

- ✓ **Adoptions Program.** The state's adoptions programs include the Adoptions Assistance Program (AAP) as well as other state and county efforts to improve permanency outcomes for foster children. The AAP provides subsidies to promote permanent placement of children that are older, members of sibling groups, have disabilities, or are otherwise difficult to place. Budget year AAP caseload is expected to be 77,600, an increase of 6.6 percent over current year. Total funding for AAP and other adoptions programs increased by 8.8 percent, to \$847.9 million (\$380.7 million General Fund).

Children and Family Services Highlights

- **Increase Department of Social Services Staff to Meet Federal Requirements.** The budget requests \$1.7 million (\$641,000 General Fund and 15 permanent positions, six of which are existing limited-term positions to be converted to permanent, for the DSS to ensure that the state's CWS system is prepared to meet new federal Child and Family Services Review (CFSR) requirements. These staff would provide state leadership and oversight, monitoring compliance, data quality and integrity improvements, and technical assistance to counties for the federal CFSRs. In 2002, California underwent its first review, which resulted in the State's failure to meet federal expectations in 12 of 14 CSFR outcome areas. Although the state is now in compliance with 10 of the 14 outcome areas, we remain subject to over \$34.4 million in potential sanctions should we fail to reach all identified targets by April 2007. Any fiscal sanctions will accrue interest until the targets are reached or the next CFSR scheduled for spring or summer of 2008.
- **Maintain Funding for the CWS Outcome Improvement Project (CWSOIP).** The budget proposes to continue providing \$98.8 million (\$61.4 million General Fund) in 2007-08 to all counties to be spent flexibly on local priorities identified in each county's approved System Improvement Plan pursuant to AB 1808. The System Improvement Plans are required to identify strategies that county welfare and probation departments agencies will use to improve outcomes for children and families.
- **Increase Funding for Enhanced Kin-GAP Program.** The budget includes \$93.7 million (\$71.2 million General Fund) in increased costs to reflect the transfer of additional cases to the Enhanced Kin-GAP Program.
- **Additional Federal Promoting Safe and Stable Families (PSSF) Grant Funds.** The budget reflects an increase of \$4.3 million federal PSSF funds for 2007-08 to support monthly caseworker visits.
- **Remove Funding for Title IV-E Foster Care Disallowance Backfill.** The budget removes \$8.4 million General Fund to reflect the final amount needed to backfill for a \$33.8 million Title IV-E federal funding disallowance for Foster Care for calendar year 2003.

- **New Funding for Tribal-State Title IV-E Agreements.** The budget requests an increase of \$150,000 General Fund for 2007-08 to provide start-up funds for three years to allow the pass-through of \$215,000 Title IV-E funds to tribes seeking to provide their own child welfare services.
- **Oversee the Title IV-E Waiver.** The budget requests \$180,000 (\$90,000 General Fund) and 1.5 limited-term positions for DSS to conduct administrative oversight and evaluation activities related to the Title IV-E Child Welfare Waiver Demonstration “Capped Allocation” Project.
- **Increase Costs for *Rosales v. Thompson*.** The budget provides \$795,000 General Fund and reflects \$1.2 million in county costs to reflect increased foster care costs resulting from the reversal of the *Rosales v. Thompson* court decision. The *Rosales* decision broadened eligibility and extended federal Title IV-E Foster Care benefits to relatives caring for foster children who were previously eligible only for CalWORKs benefits at significantly lower rates. The federal Deficit Reduction Act clarified federal statute, in effect reversing the expanded eligibility criteria.
- **Provide Resources to Implement Chapter 386, Statutes of 2006 (AB 2488).** The budget requests \$274,000 (\$187,000 General Fund) and three permanent positions for DSS and \$1.8 million (\$1.0 million General Fund) for county administration in 2007-08 to implement AB 2488. AB 2488 modified the existing Mutual Consent Program by lowering the age of consent of disclosure of contact information between adoptees and their siblings from 21 years to 18 years of age. AB 2488 also allows the court to require that a California licensed adoption agency actively search on behalf of one sibling for a sibling who has not already consented to disclosure. The resources provided would enable the DSS and county welfare departments to provide confidential intermediary services to siblings and adoptees.
- **Provide Resources to Implement Chapter 809, Statutes of 2006 (SB 1393).** The budget requests \$381,000 General Fund and three permanent positions to implement SB 1393. SB 1393 provides for an expedited process with fewer requirements for re-adoption in California of a foreign-born child adopted by California residents in the child’s country if the DSS has certified that the laws of the foreign country where the child was originally adopted meet or exceed California’s adoption laws and mandates. The additional staff would track and process requests for jurisdictions within the countries, promulgate regulations, and provide ongoing technical assistance.
- **Provide Resources to Implement Chapter 754, Statutes of 2006 (SB 1758).** The budget requests 237,000 General Fund and two permanent positions for DSS to implement SB 1758. SB 1758 requires DSS to establish an Adoption Facilitator Registry.
- **Maintain Dependency Drug Court Funding.** The budget proposes to continue providing \$4.8 million General Fund for the county Dependency Drug Court pilots and the cost-benefit evaluation in 2007-08. The budget also proposes to shift this funding from DSS’ budget to the Department of Alcohol and Drug Programs (DADP) in 2007-08. The funding for Dependency Drug Courts is currently provided to DADP through an interagency agreement with DSS.

Children and Family Services Issues

1. **Alternative Funding for CWS.** The human services trailer bill to the 2006 Budget Act, AB 1808 (Chapter 75, Statutes of 2006), directed DSS to work with the County Welfare Directors Association, legislative staff, and members of organizations that represent social workers to develop a methodology for budgeting the CWS program to meet specified program requirements and outcomes. This new funding methodology is to be presented to the Legislature on February 1, 2006 and is intended to be implemented in the 2007-08 fiscal year.
2. **Budgeting Methodology for County Operations Funding.** In addition to the new CWS budgeting methodology under development, CWS administrative funding is undergoing review as part of the examination of the budgeting methodology for county operations funding. See a detailed discussion of the issue in the CalWORKs *Issues* section above.

Community Care Licensing

The Community Care Licensing (CCL) Division of DSS licenses over 85,000 community care facilities across the state. These facilities have the capacity to serve over 1.4 million clients requiring different types of care and supervision. Licensees include childcare facilities, certified foster family homes, foster family agencies, residential care facilities for the elderly, residential care facilities for the chronically ill, adoption agencies, transitional housing, and adult day care. Licensing activities are primarily carried out by state staff, although some counties are responsible for licensing child care and foster family homes. CCL staff currently visit a randomly selected 20 percent of facilities annually, and visit all facilities no less than once every five years. At-risk facilities are visited at least annually.

The budget includes \$119.9 million (\$38.2 million General Fund) and 1,187.6 positions for CCL in 2007-08. This represents a 6.3 percent increase over the current year funding of \$112.8 million (\$32.3 million General Fund) and 1,114.1 positions. Approximately 15 percent of funding is for county licensing activities, and the remaining funding is for state licensing activities.

Community Care Licensing Highlights

- **Licensing Reform Automation Project.** The budget requests \$1.7 million (\$1.5 million General Fund) and ten positions for DSS to begin a project to upgrade its information technology systems supporting the licensing program. Although already identified as a need in DSS' IT Strategic Plan, this proposal responds to findings of deficiencies in enforcement and inadequate program oversight and accountability in an audit of DSS' efforts to rebuild the child care program completed in May 2006 by the Bureau of State Audits (BSA). This IT project is expected to take two years to complete.
- **Increase Facility Inspections and Follow-up Visits.** The budget requests \$4.9 million (\$4.6 million General Fund) and 65 positions. Of the 65 positions, 58.5 would be used to increase from 20 percent to 30 percent the number of facilities that are randomly selected for annual visits to comply with the statutory requirement that the number of facilities visited annually be increased by ten percent if total citations issued by DSS exceed the previous

year's total by ten percent. The remaining 6.5 positions would be used to address DSS follow-up enforcement deficiencies identified in the May 2006 BSA audit.